

REMARKS

Claims 1-15 were originally presented in the subject application. Claims 1-15 were cancelled and claims 16-47 added in a Response dated August 4, 2004. Claims 16, 20, 28, 33, 34, 36, 40, 41 and 47 were amended in a Preliminary Amendment filed April 8, 2005, with a Request for Continued Examination. Claims 21, 37 and 44 were canceled without prejudice, and claims 16, 19, 28, 32, 34, 35, 41 and 42 amended in a Response dated October 27, 2006. Claims 16, 22, 25, 33, 34, 40, 41 and 45-47 were amended in a Response filed May 9, 2007, with a Request for Continued Examination. Claims 16, 19, 20, 28, 32, 33, 34-36, 40, 41-43 and 47 were amended in a response dated November 20, 2007.

No claims have herein been amended or added. Non-method claims 34-36, 38-43 and 45-47 have herein been canceled without prejudice in order to pursue them in a separate application. In that regard, Applicants reserve the right to file the non-method claims in a continuation application. Therefore, claims 16-20 and 22-33 remain in this case.

The addition of new matter has been scrupulously avoided. In that regard, the amendment merely cancels claims.

35 U.S.C. §101 Rejection

The final Office Action rejected claims 41-43 and 45-47 under 35 U.S.C. §101, as allegedly directed to non-statutory subject matter. Although Applicants respectfully submit that this rejection is now moot in light of Applicants' cancellation of those claims, Applicants have the following remarks regarding the rejection should it follow these claims.

The instant §101 rejection was not present in the last Office Action nor any of the seven other Office Actions or three Advisory Actions that occurred during prosecution of the present application. Moreover, this prosecution has taken place over the last four years with the same Examiner involved. MPEP §2163, Part III requires complete patentability determination under all statutory requirements before the first Office Action is sent out. In short, Applicants submit that such a rejection should have been made with the first Office Action, and that, in any case,

there has been ample prior chances to consider whether the claims are directed to statutory subject matter

35 U.S.C. §103 Rejection

The final Office Action rejected claims 16-20, 22, 25, 28-36, 38-43 and 45-47 under 35 U.S.C. §103(a), as allegedly obvious over Rikuna (U.S. Patent No. 4,752,678) in view of Nakamura et al. (U.S. Patent No. 5,917,168). Applicants respectfully, but most strenuously, traverse this rejection as it applies to the amended claims.

Claim 16 recites a method of controlling card holder verification. The method comprises checking the presence of a trusted association between at least one device and a card usable with the at least one device, the checking comprising comparing by one of the card and the at least one device a first identifier stored on the card with one or more identifiers stored in the at least one device. If the checking indicates the presence of the trusted association, then card holder verification is performed separate from the comparing using the card and without a holder of the card providing information by providing another identifier to the card from the at least one device for comparing by the card to a second identifier stored on the card that is different from the first identifier, otherwise, if the checking indicates no trusted association, then involving the holder of the card in performing card holder verification by the card.

Reply to Response to Arguments

In the “Response to Arguments” section of the final Office Action, counter arguments are presented addressing Applicants’ remarks presented in the prior response. As an initial matter, with regard to claim 16, the final Office Action alleges that:

Applicant argues that Rikuna does not disclose one of the identifiers is from the *card* because the only thing coming from the terminal is the key for decrypting the EN-PAN which is not the thing being compared to the PAN.

However, what Applicants actually argued was:

However, both the PAN and EN-PAN are stored on and come from the first card. The only thing coming from the terminal is the key for decrypting the EN-PAN, which is not the thing being compared to the PAN.

Thus, to clarify, Applicants submit that what was argued was that Rikuna does not disclose that one of the identifiers comes from the terminal, rather than the card.

Moving on to more substantive issues, the Response to Arguments alleges that the decrypted PAN is an identifier being compared with the PAN from the card. However, it is clear from Rikuna at column 8, lines 5-27, and in FIG. 3 that the encrypted PAN (the EN-PAN) and the PAN are both stored on and originate from the first card. The key for decrypting EN-PAN is stored on the terminal. Thus, the question becomes whether the items being compared (i.e., the PAN and decrypted EN-PAN) both come from the card or from the card and terminal, respectively. Applicants submit that the items being compared both come from the card, since the key is merely something that unlocks information that is already there. For example, when one considers an encrypted email, do the contents of the email come from the program decrypting the same, or from the sender? Applicants submit that the content of the email came from the sender, and is merely unlocked by the email program. A similar situation can be envisioned for an encrypted document. The position taken in the final Office Action would be extrapolated to allege that the decrypted document comes from the decryption program, rather than the author of the document. When viewed in this light, Applicants submit that the real contents of the EN-PAN are those that are stored on a card, and, therefore, the decrypted EN-PAN should be considered as coming from the card, not the terminal.

With regard to the performing aspect of claim 16, the Response to Arguments does not dispute that the Rikuna PIN is always entered into the second card by the card holder before inserting into the terminal. Rather, the final Office Action apparently interprets claim 16 as tying the lack of user input information to the time of performing card holder verification. However, Applicants submit that the claim does not tie the lack of user input information to the time of verification, but only ties that lack of card holder information to the verification process. The fact remains that Rikuna performs a verification process that always includes looking at a PIN that is always entered by the card holder.

Finally, against the aspect of claim 16 of involving the holder of the of the card in performing card holder verification if the checking indicates no trusted association, the Response to Arguments cites to Nakamura at column 5, line 64 through column 6, line 16. It is alleged that Nakamura teaches in one embodiment eliminating a PIN and assuming the user is proper, and in another embodiment requiring a PIN only when the transaction amount exceeds a preselected floor. However, in either case, if the Nakamura terminal and card do not authenticate, the result is non-use of the card (see Nakamura at column 6, line 16), rather than card holder involvement in card holder verification.

Therefore, for at least the reasons noted above, Applicants submit that claim 16 cannot be rendered obvious over Rikuna in view of Nakamura et al.

Amended claim 33 contains limitations similar to those noted above with respect to claim 16. Thus, the remarks above are equally applicable thereto. Therefore, those claims also cannot be made obvious over Rikuna in view of Nakamura et al.

Applicants submit that the dependent claims are allowable for the same reasons as the independent claims from which they directly or ultimately depend, as well as for their additional limitations.

For example, claim 20 recites that performing card holder verification hidden from the holder of the card comprises automatically obtaining a personal identification number of the holder of the card and verifying the personal identification number **without the holder of the card providing the personal identification number**.

Against claim 20, the final Office Action cites to Rikuna at column 8, lines 38-45 and lines 58-65. However, the second cited section specifically teaches that "...since the PIN data which was key input **by the card holder**..."

Therefore, Applicants submit that claim 20 cannot be rendered obvious over Rikuna in view of Nakamura et al.

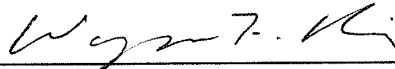
CONCLUSION

Applicants submit that the dependent claims not specifically addressed herein are allowable for the same reasons as the independent claims from which they directly or ultimately depend, as well as for their additional limitations. In addition, Applicants do not acquiesce to any allegations made in the final Office Action that may not have been specifically refuted herein apart from their corresponding independent claims.

For all the above reasons, Applicants maintain that the claims of the subject application define patentable subject matter and earnestly request entry of these remarks and allowance of claims 16-20 and 22-33.

If a telephone conference would be of assistance in advancing prosecution of the subject application, Applicants' undersigned attorney invites the Examiner to telephone him at the number provided.

Respectfully submitted,



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